2000-01 to 2003-04 was 7.86%. There is adequate scope for growth of food processing industries in the country. A number of measures have been initiated by the Government from time to time for promotion of food processing industries. Such measures include exemption from payment of excise duty to fruit and vegetable processing units, exemption of most of the processed food items from purview of licensing under the Industrial Development & Regulation Act, 1951, inclusion of FPI sector in the list of priority sector lending, provision of infrastructure and other schematic assistance etc. Recently in 2004-05 for giving boost to growth of food processing industries, Government has allowed under Income Tax Act, a deduction of 100% of profit for five years and 25% of profits for the next five years in case of new agro processing industries set up to process, preserve and package fruits and vegetables. Excise duty of 16% on dairy machinery has been fully waived. Excise duty on meat, poultry and fish products has been reduced from 16% to 8%. Excise duty on food grade hexane used in edible oil industry has been reduced from 32% to 16%. In the Union Budget for 2005-06 excise duty of Rs. 1.00 per Kg. on refined edible oil and Rs. 1.25 per Kg. on Vanaspati abolished and customs duty on refrigerated vans was reduced from 20% to 10%.

Fixing profit margin on Drugs

†*152. DR. MURLI MANOHAR JOSHI:
SHRI RAVI SHANKAR PRASAD:

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that no maximum limit for earning share of profit by the drug manufacturers in the drug manufacturing industry has been fixed in the present price fixation policy;

(b) if so, the facts in this regard and the percentage of the share of profit being earned by drug manufacturers at present in comparison to the average manufacturing cost;

(c) whether it is also a fact that a committee under the chairmanship of a Joint Secretary has been constituted by Government to decide the limit of trade margin in the drug industry; and

(d) if so, the facts in this regard and by when the said committee would submit its final report?

THE MINISTER OF CHEMICALS AND FERTILIZERS AND MINISTER OF STEEL (SHRI RAM VILAS PASWAN): (a) to (d) Prices of Scheduled

†Original notice of the question was received in Hindi.

drugs and formulations based thereon are fixed by the National Pharmaceutical Pricing Authority (NPPA) in accordance with the provisions of para 7 of the Drugs (Prices Control) order, 1995 (DPCO, 95). A price of a Scheduled formulation is fixed by allowing Maximum Allowable Post Manufacturing Expenses (MAPE) @ 100% on ex-factory cost for indigenously manufactured Scheduled formulations and up to 50% of the landed cost for imported Scheduled formulations. The trade margin to retailers in respect of Scheduled formulations is fixed at 16%.

Prices of non-Scheduled medicines are fixed by the manufacturers themselves keeping in view various factors like cost of production, marketing/selling expenses, R&D expenses, trade commission, market competition, product innovation, product quality etc. The Government takes corrective measures where the public interest is found to be adversely affected.

The Government/National Pharmaceutical Pricing Authority (NPPA) regularly monitors the movement of prices of medicines of mass consumption marketed through trade channel and intervenes whenever instances of unreasonable increase in prices affecting public interest adversely are noticed.

The National Pharmaceutical Pricing Authority (NPPA) has collected data on trade margin being offered by the manufacturers to the retailers for a limited sample. It was noted that some manufacturers had offered high margin to the retailers. However, the market share of such medicines was small.

A Committee under the Chairmanship of Joint Secretary (PI) was constituted to examine the span of price control (including trade margin) in the light of National Common Minimum Programme and the observations of the Supreme Court in SLP No. (C) 3668/2003 and to suggest measures for fulfilling the objective of National Common Minimum Programme to ensure the availability of life saving drugs at reasonable prices. This Committee has submitted its interim report to the Government. The Committee has recommended, *inter-alia*, intensive monitoring on the prices of all those drugs out of the selected basket (National List of Essential Medicines, 2003) which are not under price control, ceilings on trade margins of drugs, a system of price negotiations for the new patented drugs, special schemes for people below poverty line, introduction of Rajasthan Model of Life Line Fluid Stores (hospital pharmacy stores run by Medicare Societies) for bulk purchase of drugs directly from manufacturer

and selling them at reduced prices, compounding of offences under the Essential Commodities Act, establishment of DPCO cells in all States on the model of Karnataka, price negotiations at the time of launching of a new patented drug, efforts to increase public awareness, wide publicity to policies and decisions of the Government and NPPA etc. Follow-up action on the recommendations made by the Committee in its interim report has been initiated.

Subsequently, a Task Force under the Chairmanship of Dr. Pronab Sen, Principal Adviser, Planning Commission was constituted to explore options other than price control to make available life saving drugs at reasonable prices. During its meetings, the Task Force deliberated upon almost all the recommendations made in its Interim Report by the Committee under the Chairmanship of Joint Secretary. The Task Force has submitted its report to the Government on the 20th September, 2005.

The Government in consultation with various stakeholders is examining the recommendations of the Task Force. Based on this a new Pharmaceutical Policy is likely to be announced shortly.

Unauthorised Homoeopathic Medical Colleges in Assam

*153. SHRIMATI SYEDA ANWARA TAIMUR: Will the Minister of HEALTH AND FAMILY WELFARE be pleased to state:

(a) whether it is a fact that some unregistered private homoeopathic colleges are mushrooming without affiliation from either the Central Council of Homoeopathy or the Assam State Homeopathic Board, which affects the reputation of the homoeopathic system of medicine and also exposes the patients seeking treatment to a grave danger;

(b) whether Government have taken any measures to identify such bogus institutions; and

(c) if so, the details thereof?

THE MINISTER OF HEALTH AND FAMILY WELFARE (DR. ANBUMANI RAMADOSS): (a) to (c) The Central Council of Homoeopathy (CCH), had received information about some unrecognized Homoeopathic institutions operating in the State of Assam. Accordingly, they brought it to the notice of the State Government and requested to publish in the newspapers a notice about the institutions of Homoeopathy which are recognized by CCH and also to take stern action against such institutions.

Recently, a complaint was also received by Central Council of Homoeopathy dated 28.05.2005 regarding one such organization operating